

WASHINGTON (March 16) – Congressman Spencer Bachus (AL-6) said the House of Representatives today approved legislation to end a bailout program for lenders and real estate speculators.

By a vote of 242-182, the House voted to end the so-called Neighborhood Stabilization Program (NSP). It is the third bill approved by the House in the last two weeks that ends a failed program. Each of the three bills was first approved by the Financial Services Committee, which Bachus chairs.

“Today the House acted yet again to end wasteful spending on a government program that does nothing to help homeowners facing foreclosure. In fact, this program creates perverse incentives for banks and other lenders to foreclose on homeowners. This program is not only bad for struggling homeowners, it’s horrible for taxpayers, too. It uses taxpayer money to bail out lenders and real estate speculators. We simply cannot continue to use taxpayer dollars to bailout those who made bad decisions,” Bachus said.

The NSP has been plagued with problems since its creation in 2008. The Inspector General of the Department of Housing and Urban Development has identified multiple misuses of NSP money at the state level. The Government Accountability Office has also questioned whether HUD has the capacity of properly tracking the use of funds provided under this program.

The NSP has continued to receive more and more taxpayer funding even though it was supposed to be a temporary program. The NSP was provided \$4 billion at its inception in 2008, \$2 billion more in 2009, and another \$1 billion as part of the Dodd-Frank Act in 2010.

The legislation ending the program, H.R. 861, was introduced by Representative Gary Miller (R-CA).